

Message Text

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PAGE 01 SOFIA 01062 191259Z
ACTION EUR-12

INFO OCT-01 ISO-00 DODE-00 EB-07 NSAE-00 USIA-06
TRSE-00 ERDA-05 CIAE-00 MC-02 L-03 /036 W
-----191328Z 084383 /42

P 191216Z MAY 77
FM AMEMBASSY SOFIA
TO USDOC WASHDC PRIORITY
SECSTATE WASHDC 2915

C O N F I D E N T I A L SOFIA 1062

E.O. 11652: GDS
TAGS: BDIS, ESTC
SUBJECT: POTENTIAL DISPUTE OVER SALE OF COMPUTER SYSTEM TO BULGARIAN
NATIONAL BANK (BEWT CASE NO. 227305)

1. BURROUGHS' VIENNA OFFICE HAS CONTACTED EMBASSY REGARDING
NOTIFICATION ON MAY10 BY FTO ISOTIMPEX OF CANCELLATION OF
CONTRACT SIGNED LAST YEAR FOR SALE OF B 6748 SYSTEM. REASON
GIVEN TO BURROUGHS IS THAT TOO MUCH TIME HAS ELAPSED IN
OBTAINING EXPORT LICENSE. HOWEVER, BURROUGHS MAINTAINS THAT
WHEN THEY INFORMED ISOTIMPEX ON APRIL 6 THAT LICENSE GRANTED,
THIS POINT WAS NOT RAISED AND NO INDICATION WAS GIVEN THAT
CONTRACT WOULD BE TERMINATED, AND HENCE CONTRACT STILL VALID.

2. HOWEVER, IT NOW APPEARS THAT ON APRIL 30 GOB FINALIZED
ARRANGEMENTS WITH SPERRY UNIVAC FOR SALE OF COMPUTER TO
STATE PLANNING COMMISSION AS WELL AS SYSTEM FOR NATIONAL BANK,
LATTER SUBJECT TO OBTAINING EXPORT LICENSE. (TOTAL VALUE OF
CONTRACTS IS APPROXIMATELY \$7 MILLION.)

3. DURING MEETING WITH AMBASSADOR MAY 18, SPERRY REP
SAID THAT ANDREY LUKANOV (DEPUTY CHAIRMAN, COUNCIL OF MINISTERS AND
CHAIRMAN, COMMISSION FOR ECONOMIC AND SCIENTIFIC COOPERATION)
TOLD HIM THAT SPERRY DEFINITELY WOULD RECEIVE THE BANK CONTRACT
AND THAT IT WOULD BE SIGNED NEXT WEEK. SPERRY REP SAID BULGARIANS
CONFIDENTIAL

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PAGE 02 SOFIA 01062 191259Z

WOULD EVEN MAKE 10 PER CENT DOWN PAYMENT. HE INDICATED HE WOULD
TRAVEL TO WASHINGTON THIS WEEK TO APPLY FOR EXPORT LICENSE.
SPERRY REP SAID HE FELT REASON FOR ABRUPT CANCELLATION OF CONTRACT
WITH BURROUGHS WAS "PERSONALITY DIFFERENCES WITHIN THE BULGARIAN
POWER STRUCTURE" (COMMENT: EMBASSY LEARNED IN APRIL THAT PETUR
RUSEV HAD REPLACED STAMENEV AS DIRECTOR GENERAL OF ISOTIMPEX) AND,
SINCE SPERRY IS ALSO MAJOR PRODUCER OF AGRICULTURAL EQUIPMENT,

COOPERATION IN COMPUTER FIELD COULD LEAD TO MUTUALLY BENEFICIAL
COOPERATION IN OTHER FIELDS.

4. SPERRY REP STATED THAT EMBASSY WOULD RECEIVE LETTER NEXT WEEK
FROM GOB CONFIRMING CONTRACT WITH SPERRY AND ASKED THAT EMBASSY
FORWARD LETTER TO DOC TO EXPEDITE LICENSE APPROVAL. (WILL POUCH
TO DEPARTMENTS WHEN RECEIVED.) HE ALSO SAID THAT HIS COMPANY WOULD
SPEND SOME \$1 MILLION DURING NEXT SEVEN MONTHS TRAINING
BULGARIANS AND ESTABLISHING TECHNICAL SUPPORT OFFICE IN SOFIA WITH
A STAFF OF 6 TO 7 PERSONS.

5. BURROUGHS DOES NOT INTEND TO LET MATTER DROP. IN SEPARATE
TELCONS WITH AMBASSADOR AND E/C OFFICER, BURROUGHS REP STATED THAT
HE FEELS CONTRACT STILL VALID AND HAS CABLED SAME TO ISOTIMPEX
AND NATIONAL BANK. REP FURTHER SAID THAT ISSUE MAY HAVE TO BE
TAKEN TO CHAIRMEN OF THE TWO COMPETING COMPANIES (COMMENT: BURROUGHS
BELIEVES, BUT IS NOT CERTAIN, THAT SPERRY IS INVOLVED), USG
MAY ALSO BECOME INVOLVED SINCE BURROUGHS HAS BEEN GRANTED EXPORT
APPROVAL. BURROUGHS ALSO CONSIDERING TAKING CASE TO ARBITRATION
AS PROVIDED IN CONTRACT, ALTHOUGH CLEARLY IS RELUCTANT TO GO THAT
ROUTE.

6. COMMENT: EMBASSY INCLINED TO BELIEVE THAT CONTRACT TERMINATION
WITH BURROUGHS DUE TO RETHINKING WITHIN GOB. HAVING TWO INCOMPATIBLE
SYSTEMS, ONE FOR STATE PLANNING AND OTHER FOR NATIONAL BANK, CLEARLY
NOT MAXIMAL OPTION FOR BULGARIANS. WHILE THE TWO CONTRACTS ARE
SEPARATE, OPERATION OF THE TWO SYSTEMS CLOSELY TIED TOGETHER BY
COMMON MAINTENANCE, SPARE PARTS, AND TECHNICAL SERVICE FACILITIES.
HOWEVER WHATEVER THE BULGARIANS' REASONS, EMBASSY VIEWS MATTER AS
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PAGE 03 SOFIA 01062 191259Z

POTENTIALLY SERIOUS.

7. EMBASSY WILL KEEP DEPARTMENTS INFORMED OF FURTHER DEVELOPMENTS
THIS END AND WILL APPRECIATE DETAILS OF SPERRY REPRESENTATION TO
DOC REGARDING LICENSE APPLICATION.
HERZ

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DISPUTES, SALES, STRATEGIC TRADE CONTROLS, EXCEPTIONS LIST, EXPORT LICENSES, COMPUTERS
Control Number: n/a
Copy: SINGLE
Sent Date: 19-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977SOFIA01062
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
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Handling Restrictions: n/a
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Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 15-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2448839
Secure: OPEN
Status: NATIVE
Subject: POTENTIAL DISPUTE OVER SALE OF COMPUTER SYSTEM TO BULGARIAN NATIONAL BANK (BEWT CASE NO. 227305)
TAGS: BDIS, ESTC, US, BU
To: COM STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/f0d2cc8f-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009